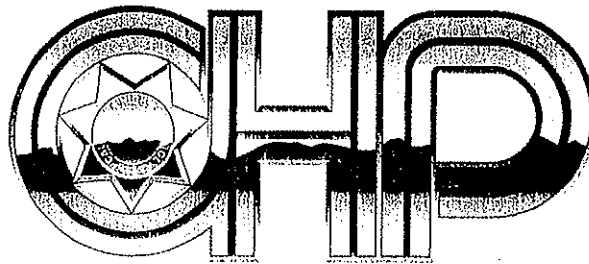


DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

**COMMAND AUDIT OF SANTA FE
SPRINGS AREA**



FINAL REPORT

MAY 29, 2009

M e m o r a n d u m

Date: May 29, 2009

To: Office of the Commissioner

Attention: Commissioner J. A. Farrow

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Office of the Assistant Commissioner, Inspector General

File No.: 005.9968.A13471.010

Subject: FINAL 2008 COMMAND AUDIT REPORT OF SANTA FE SPRINGS AREA

COPY

In accordance with the Institute of Internal Auditors, *International Standards for the Professional Practice of Internal Auditing* § 2020, issued by the Institute of Internal Auditors, Government Code § 13887 (a)(2), and the California Highway Patrol Audit Charter, I am issuing the 2008 Command Audit Report of Santa Fe Springs Area. The audit focused on the command's cash receipts, contracts, evidence, purchasing, reimbursable service contracts, advanced payments for predetermined services, and asset forfeiture.

The audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would ensure it is operating in compliance with policies and procedures. We have included our specific findings, recommendations, and other pertinent information in the report. Santa Fe Springs Area agreed with the findings and plans to take corrective actions to improve its operations. The command will be required to provide quarterly updates to the Office of Inspections on the progress of their corrective action plan implementation until the command has resolved all deficiencies. Additionally, the Office of Inspections plans on conducting a follow-up review within one year from the date of this final report.

Additionally, in accordance with the *International Standards for the Professional Practice of Internal Auditing* and Government Code § 13887 (a)(2), this report, the response, and any follow-up documentation is intended solely for the information and use of the Office of the Commissioner; Office of the Assistant Commissioner, Field; Office of the Assistant Commissioner, Inspector General; Office of Legal Affairs; Office of Inspections; Southern Division; and Santa Fe Springs Area. Please note this report restriction is not meant to limit distribution of the report, which is a matter of public record pursuant to Government Code 6250 et seq.

Safety, Service, and Security

Office of the Commissioner
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The Office of Inspections would like to thank Santa Fe Springs Area's management and staff for their cooperation during the audit. If you need further information, please Assistant Chief Ken Hill at (916) 843-3005.


M. C. A. SANTIAGO
Assistant Commissioner

cc: Office of the Assistant Commissioner, Field
Office of Legal Affairs
Office of Inspections ✓
Southern Division
Santa Fe Springs Area

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

COMMAND AUDIT OF SANTA FE SPRINGS AREA

OFFICE OF INSPECTIONS, AUDITS UNIT

MAY 29, 2009

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EXECUTIVE SUMMARY

The Commissioner has the responsibility, by statute, to enforce laws regulating the operation of vehicles and use of highways in the State of California and to provide the highest level of safety, service, and security to the people of California. Accordingly, the Office of the Commissioner directed the Office of Inspections (OISP), Audits Unit, to perform an audit of a command selected by each Division. The Southern Division selected the Santa Fe Springs Area.

The California Highway Patrol's (CHP) 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations.

The audit scope period covered the twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of fiscal year 2007/08.

Based on the review of the Santa Fe Springs Area's operations, this audit revealed it has complied with most operational policies. However, some weaknesses were observed. The following is a summary of the identified weaknesses:

Contracts

- Documentation for X-number contracts was not retained in the command files.

Evidence

- Disposal of evidence (guns) was not in compliance with CHP requirements and the command did not maintain a control log for weapon (gun) disposal.

Purchasing

- Purchasing documentation was not retained in the command files.

Reimbursable Service Contracts – Driving Under the Influence

- Command has inadequate internal review procedures involving its Driving Under the Influence Cost Recovery Plan.

Please refer to the Findings and Recommendations section for detailed information.

AUDIT REPORT

INTRODUCTION

To ensure the CHP's operation is efficient and/or effective and internal controls are in place and operational, the Office of the Commissioner directed the Office of Inspections (OISP), Audits Unit, to perform an audit of a command selected by each Division. Southern Division selected Santa Fe Springs Area.

The CHP's 2008-2009 Strategic Plan highlights the mission statement which includes five broad strategic goals designed to guide the CHP's direction. One strategic goal is to continuously look for ways to increase the efficiency and/or effectiveness of departmental operations. This audit will assist the CHP in meeting its goal.

OBJECTIVE AND SCOPE

The objective of the evaluation is to determine if the command has complied with operational policies and procedures that provide managers with reasonable, but not absolute, assurance departmental operations are being properly executed. The audit period was twelve months prior to the start of the audit field work. However, to provide a current evaluation of the command, primary testing was performed of business conducted during the final six months of fiscal year 2007/08. This audit included the review of existing policies and procedures, as well as, examining and testing recorded transactions, to determine compliance with established policies, procedures, and good business practices. The audit field work was conducted from October 20 - 24, 2008.

METHODOLOGY

Each Division commander selected one command to be audited regarding their cash receipts, contracts, evidence, purchasing, reimbursable service contracts, and advanced payments for predetermined services. Additionally, the Division commander could select any of the following topics: asset forfeiture, fleet operations, personnel records, and strategic plan reporting. The Southern Division commander selected asset forfeiture. When preparing for the audit, and due to audit resources, reimbursable service contracts was reduced to an examination of the DUI Cost Recovery Program and advanced payments for predetermined services was reduced to Wide Load Services. Also, the audit of evidence was limited to guns, drugs, and money. Sample selection of areas to be audited was primarily random or judgmental. Whenever possible, the use of risk assessment was used to select a sample containing the highest probability of risk to the command. Furthermore, the auditors reviewed prior audit reports and findings.

OVERVIEW

Cash Receipts: The command utilizes two cash drawers, one for the primary cash clerk and the second drawer for the back-up cash clerk. Each cash drawer is the responsibility of one clerk. Therefore, effectiveness is achieved by ensuring each clerk is completely responsible for the contents (e.g., money, counter receipt book) of their designated drawer. Also, efficiency is achieved through the balancing and reconciliation of the cash drawer each time there is a change of the receiving clerk (breaks, lunch, shift change, etc.). Adoption of this process should be considered statewide which could reduce and isolate staff responsible for shortages or overages in the change fund and eliminate multiple personnel having access to the same cash drawer.

Contracts: Required X-number contracts documentation was not retained in the command files. Eleven X-number contract files were examined during the audit and disclosed the following:

- Drug Free Workplace Certification (STD. 21) and Payee Data Record (STD. 204) were not contained in the files.
- Five X-number contract files did not have a copy of the invoices; although, the X-number contract log listed the dollar amount paid and date the invoice was sent to Division for approval.
- Other miscellaneous documents were missing from the X-number contract files, i.e. Disabled Veteran-Owned Business Enterprise (DVBE) Services Certification.

Evidence: The auditors sampled 15 cases (five gun, five money, and five drug cases) for review and testing. The selected cases were listed on the recent command Evidence/Property Log pages. The audit disclosed:

- Disposal of guns from the command has not been executed since 2001 and the command did not maintain a control log for weapon (gun) disposal.

Purchasing: Thirteen purchase orders were initiated by the command during the audit period of January 2008 through June 2008, and all were reviewed. The audit disclosed:

- Ten out of 13 purchase order files were not complete. The following types of documents were not always available in the files: documentation for the request, approvals, receipt of purchases, competitive bid results, and fair and reasonable justifications.

Reimbursable Service Contracts – Driving Under the Influence (DUI): Seven CHP 735 forms, Incident Response Reimbursement Statement, from the DUI log were randomly selected for review to determine if the command properly completed and authorized the CHP 735 forms and to verify hours claimed on the CHP 735s agreed with the associated CHP 415 forms, Daily Field Record, and to substantiate the hours billed. The audit disclosed:

- Four of seven CHP 735 forms were not supported by the hours claimed on the CHP 415 forms.
- Five of the seven CHP 415 forms did not contain the offender's name and court case number to support the CHP 735 form.
- One CHP 735 had the supporting documentation (CHP 415) summarized (total hours/case) in the "notes" section. This process would ensure correct billable hours for reimbursements.

This audit revealed the command has adequate operations, nevertheless, weaknesses were discovered, which if left unchecked could have a future negative impact on the command and Department operations. These weaknesses should be addressed by management to maintain the command's compliance with appropriate law, regulations, policies, and procedures. The findings and appropriate recommendations are presented in this report.

As a result of changing conditions and the degree of compliance with policies and procedures, the efficiency and effectiveness of operations change over time. Specific limitations may hinder the efficiency and effectiveness of an otherwise adequate operation include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, fraud, and management overrides. Establishing compliant and safe operations and sound internal controls would prevent or reduce these limitations; moreover, an audit may not always detect these limitations.

FINDINGS AND RECOMMENDATIONS

CONTRACTS

FINDING 1: Documentation for X-number contracts was not retained in the command files.

Condition: Eleven X-number contract files were examined during the audit and disclosed the following:

- Drug Free Workplace Certification (STD. 21) and Payee Data Record (STD. 204) were not contained in the files.
- Five X-number contract files did not have a copy of the invoices; although, the X-number contract log did list the dollar amount paid and the date the invoice was sent to Division for approval.
- Other miscellaneous documents were missing from the X-number contract files, i.e. Disabled Veteran-Owned Business Enterprise Services Certification.

Criteria: Highway Patrol Manual (HPM) 11.1, Administrative Procedures Manual, Chapter 23, Delegation of X-Number Contract Authority.

1. GENERAL INFORMATION.

c. Payee Data Record, STD. 204.

“...A completed STD. 204, Payee Data Record, must be obtained, at the time of initial service with a vendor or upon expiration of the form, and attached to the invoice prior to forwarding it to Fiscal Management Section (FMS) for payment. The office originating the CHP 78X, X Number Service Order, should retain a copy of the STD. 204, Payee Data Record, for audit purposes.”

5. REQUESTOR’S RESPONSIBILITY.

“d. Obtaining a completed STD. 21, Drug-Free Workplace Certification, and STD. 204, Payee Data Record, from a vendor used for the first time.

e. Obtaining a Department of General Services (DGS), Office of Small Business and Disabled Veteran-owned Business Enterprise (DVBE) Services (OSDS), certification printout from the DGS website (www.dgs.ca.gov).”

Recommendation: The command should retain required X-number contract documentation in its command files.

EVIDENCE

- FINDING 1:** Disposal of evidence (guns) was not in compliance with CHP requirements and the command did not maintain a control log for weapon (gun) disposal.
- Condition:** Disposal of guns from the command has not been executed since 2001.
- Criteria:** California Penal Code Section 12032 states, "Notwithstanding any provision of law or of any local ordinance to the contrary, when any firearm is in the possession of any officer of the state, or of a county, city and county or city, or of any campus of the University of California or the California State University, and the firearm is an exhibit filed in any criminal action or proceeding which is no longer needed or is unclaimed or abandoned property, which has been in the possession of the officer for at least 180 days, the firearm shall be sold, or destroyed, as provided for in Section 12028."
- Highway Patrol Manual (HPM) 70.1, Evidence Manual, Chapter 11, Release/Disposal of Weapons.
6. DISPOSAL OF WEAPONS. "Weapons that are no longer needed as evidence (nuisance weapons and unclaimed or abandoned weapons), which have been held for at least 180 days, shall be sent to the Academy WCU for destruction, or conversion to departmental use (Section 12032, 12028(c)(d)PC)."
- Recommendation:** The command must dispose of evidence (guns) in a timely manner and maintain a control log for weapon (gun) disposal.

PURCHASING

- FINDING 1:** Purchasing documentation was not retained in the command files.
- Condition:** Ten out of 13 purchase order files were not complete. The following types of documents were not always available in the files: documentation for the request, approvals, receipt of purchases, competitive bid results, and fair and reasonable justifications.
- Criteria:** HPM 11.2, Materials Management, Chapter 7, Purchases.
14. CHP 43, PURCHASE REQUISITION, PREPARATION.
- a. General Instructions.
- "(12)(b) Duplicate - Retain at originating command with all back up information.

1 Each command should maintain a complete file of CHP 43s, with attachments. A copy of the corresponding purchase order should be attached to the CHP 43 indicating that the request has been processed.”

“(13) The command’s reference file will be a valuable resource to follow up on problems, such as an incomplete delivery of goods.”

16 DOCUMENTING PROCESSING.

“b. After receipt of a completed and signed CHP 43, PSU will log in the requisition and distribute it to the appropriate buyer for processing. The buyer will:”

“(7) Send a copy of the purchase document to the requesting command as notification that the order has been processed. This purchase document is known as the command’s “received copy” and will be stamped with the phrase:

IMPORTANT

When the items on the Purchase Order are in your possession, please acknowledge by signing in the space provided and returning this order to headquarters Fiscal Management Section.

Received _____ Date _____ ”

Recommendation: The command must retain required purchasing documentation in its command files.

REIMBURSABLE SERVICE CONTRACTS

FINDING 1: Command has inadequate internal review procedures involving its Driving Under the Influence Cost Recovery Plan.

Condition: Four of seven CHP 735 forms are not supported by the hours claimed on the CHP 415 forms.

Five of seven CHP 415 forms do not record the offender’s name and the court case number to support the CHP 735 form.

Criteria: Government Code Section 13403(a)(6) states, Internal accounting and administrative controls are the methods through which reasonable assurances can be given that measures adopted by state agency heads to safeguard assets, check the accuracy and reliability of accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies are being followed. The elements of a satisfactory system of internal accounting and administrative control, shall include, but are not limited to, an effective system of internal review.

HPM 11.1, Administrative Procedures Manual, Chapter 20, Driving Under the Influence Cost Recovery Program.

4. AREA RESPONSIBILITY.

e. Recording Total Staff Hours.

(2)(c) "The number of staff hours charged on the CHP 735, Incident Response Reimbursement Statement, must agree with the appropriate CHP 415, Daily Field Record."

"1 Offender's name and court case number shall be included on the CHP 415, Daily Field Record."

Recommendation: The command should establish effective internal review procedures regarding its Driving Under the Influence Cost Recovery Plan. For example, copies of CHP 415 forms can be attached to the CHP 735 form as supporting documentation to justify reimbursable billable hours.

CONCLUSION

Based on the review of the command's operation, this audit revealed the command has adequate operations. However, some weaknesses were observed. This report presents suggestions for management to improve on some of its operations. In doing so, operations would be strengthened and the command would operate in accordance to departmental policies and procedures.

ANNEX

A

Memorandum

Date: May 1, 2009

To: Office of Inspections, Audits Unit

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Southern Division

File No.: 501.10377.14930

Subject: SANTA FE SPRINGS AREA RESPONSE TO COMMAND AUDIT

Southern Division has reviewed the Santa Fe Springs Area response to the 2008 Command Audit. We will monitor their progress and ensure they have forwarded the quarterly updates to the Office of Inspections. Southern Division concurs with their response and is satisfied with the findings.

If you have any questions, please contact Assistant Chief Aubrey at (818) 240-8200.


W. A. STANLEY, Chief

cc: Santa Fe Springs Area

Safety, Service, and Security

ANNEX

B

M e m o r a n d u m

Date: April 27, 2009

To: Southern Division

From: **DEPARTMENT OF CALIFORNIA HIGHWAY PATROL**
Santa Fe Springs Area

File No.: 550.13318.13318

Subject: DRAFT 2008 COMMAND AUDIT REPORT - AREA RESPONSE

The purpose of this memorandum is to respond to the Draft 2008 Command Audit Report of the Santa Fe Springs Area dated April 1, 2009. This memorandum will respond to each Finding/Recommendation as they appear in the Audit Report.

CONTRACTS**FINDING – Agree**

Area has an X-Number Preparation Checklist that will be attached to all X-Number paperwork. Upon receipt of an X-Number, Area will attach an X-Number Checklist to the paperwork. Upon completion of the service and all paperwork, (Vendor Invoice, Drug Free Workplace Certificate [STD 21], Payee Data record [STD 204] and Certified Small Business Owner [SBO] Disabled Veteran-Owned Business Enterprise Certification [DVBE]) as needed, the paperwork and checklist will be routed through the chain of command for approval. Upon submission to Division, a copy of all paperwork will be maintained in the Area's administrative files.

EVIDENCE**FINDING – Agree**

Area has been in contact with the Academy Weapons Control Unit (WCU). A shipment of weapons was sent to the WCU on March 19, 2009. Area will ensure all weapons eligible for destruction will be sent to the WCU within the last month of each quarter as described in policy. Area has also developed a control log for weapon (gun) disposal. Area will closely monitor weapons eligible for destruction and the status of the control log during the Quarterly Area Evidence Audits.

Safety, Service, and Security

PURCHASING

FINDING – Agree

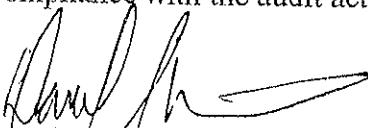
Effective immediately, Area will ensure all documentation for each Purchase Order will have all required documentation attached to each individual purchase order. This will include the Purchase Requisition (CHP 43), Price Comparison Worksheet (CHP 317), fair and reasonable justifications, and Department of General Services (DGS) vendor eligibility list for certified SBO and/or DVBE. Shipping papers and packing slips will also be attached in addition to any research or background worksheets for the items purchased. A copy of all paperwork will be maintained in the Area's administrative files.

REIMBURSABLE SERVICE CONTRACTS – DRIVING UNDER THE INFLUENCE (DUI)

FINDING – Agree

Officers are now required to submit the completed Incident Response Reimbursement Statement (CHP 735) form and a copy of the Daily Field Record (CHP 415) when submitting an arrest report. Each entry on the CHP 415 which will result in billable hours on the CHP 735 form shall have the offender's name next to it. Additionally, the court case number shall also be listed on the CHP 415. All data on the CHP 415 shall match data on the CHP 735 forms. Upon supervisor approval, all CHP 735 forms and CHP 415 forms shall be reviewed and forwarded to an Area manager for final approval. Copies of both CHP 735 and CHP 415 forms will be maintained on file at the Area. This policy has been briefed to all Area personnel and entered into the Area's Standard Operating Procedures.

I am confident the corrective actions outlined above will result in improved efficiency and compliance with the audit action items.



D. J. MINOR, Captain
Commander